

Frequently Asked Questions on Changes to Tax Rates & Taxable Wage Base

Why did our Unemployment tax rate increase?

Employers are seeing an increase in their net tax rates mainly as a result of the two surcharges that are currently in effect. An Emergency Power Surcharge of .5% has been added to all employers tax rates as the solvency of the Unemployment Trust Fund has been in jeopardy. A second Emergency Surcharge of .5% is also in effect as the Trust Fund has not equaled or exceeded \$150,000,000 throughout a quarter. **Expect these two surcharges to be in effect for the entire tax year July 1, 2010 through June 30, 2011.**

When did the Taxable Wage Base increase to \$10,000 and will it increase again?

Taxable Wage Base increased from \$8000 to \$10,000 effective 1/1/2010

Taxable Wage Base increasing from \$10,000 to \$12,000 effective 1/1/2011

Taxable Wage Base increasing from \$12,000 to \$14,000 effective 1/1/2012

Why are employers who have a negative rate calculated in either Schedule II or Schedule III being charged an Inverse minimum rate?

Employers who are considered as being negative rated (employers who's benefit charges exceeded taxes paid) have an additional percentage added to their rates depending on Trust Fund balance from the preceding quarter as follows:

Trust Fund fails to equal or exceed \$250,000,000 - 1.5% will be added to the contribution rate

Trust Fund fails to equal or exceed \$275,000,000 - 1.0% will be added to the contribution rate

Trust Fund fails to equal or exceed \$300,000,000 - 0.5% will be added to the contribution rate

Expect this 1.5% increase for all schedule II and schedule III employers to be in effect for the entire tax year July 1, 2010 through June 30, 2011.

Why is our tax rate now being calculated in the higher Schedule III when it has been calculated in Schedule II in the past?

Employers will now have their rates calculated in Schedule III if Benefit Charges exceeded Taxes paid for four or more consecutive (January 31) computation dates. Employers move into Schedule III after have been negative rated in Schedule II for 4 or more consecutive years

Our tax rate determination indicates that our business has lost its Merit Rate for the Tax Year July 2010 through June 2011 tax year because the account was not in balance as of April 30, 2010?

Employers that either owed monies and/or reports as of January 31, 2010 and were still not in balance as of April 30, 2010 are not eligible for a tax rate lower than 2.7% (Schedule I), 6.5% (Schedule II), 7.0% (Schedule III) plus any associated surcharges or inverse charge for the entire tax year July 2010 through June 2011.